

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 INT-05 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PA-01

PRS-01 NSC-05 SS-15 STRE-00 CEA-01 STR-04 /096 W

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R 040946Z NOV 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9108

INFO AMEMBASSY CANBERRA

AMEMBASSY MOSCOW

AMEMBASSY TOKYO

AMEMBASSY JAKARTA

C O N F I D E N T I A L MANILA 15491

E.O. 11652: GDS

TAGS: EEWT, EMIN, EALR, RP, UR

SUBJECT: SOVIET INTEREST IN COMALCO ALUMINA PROJECT IN PHILIPPINES

1. EXECUTIVE SECRETARY MELCHOR, IN DESCRIBING THE COMALCO PROPOSAL FOR A VERY LARGE ALUMINA PLANT, HAS TOLD US THAT HE THOUGHT SOVIETS WOULD PROVIDE UP TO \$100 MILLION IN EQUIPMENT, USING KAISER DESIGN AND TECHNOLOGY, AND WOULD ACCEPT REPAYMENT IN PESOS. PART OF THE ALUMINA MAY GO TO THE SOVIET UNION.

2. AS DEPARTMENT MAY RECALL FROM DECEMBER 1974 ECONOMIC TRENDS REPORTS FOR PHILIPPINES, COMMONWEALTH ALUMINUM OF AUSTRALIA (COMALCO) HAD PROPOSED \$630 MILLION MILL IN MINDANAS TO PROCESS AUSTRALIAN BAUXITE INTO ALUMINA. PLANT WOULD HAVE CAPACITY OF 1.6 MILLION TONS OF ALUMINA ANNUALLY. FEASIBILITY STUDY HAD ALREADY BEEN DONE JOINTLY BY FNCB AND MORGAN. MILL WILL BE ESTABLISHED BY A CONSORTIUM OF ALUMINUM COMPANIES, INCLUDING COMALCO, HOOVEN OF THE NETHERLANDS, BILLITON (SHELL SUBSIDIARY), SUMITOMO, NIPPON
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LIGHT METALS, MITSUBISHI, ONE GERMAN FIRM, ETC.

3. THIS IS FIRST REPORT WHICH WE HAVE OF POSSIBLE SOVIET INTEREST IN THE COMALCO PROJECT. WE UNDERSTAND THAT SOVIETS HAVE EXPRESSED INTEREST IN A SMILILAR BUT SMALLER ALUMINA PLANT IN INDONESIA. GOI OFFICIALS REPORTEDLY ARE NOT CERTAIN WHAT EXPRESSION INTEREST THE SOVIETS ARE PLANNING TO MAKE -- THAT IS, FOREIGN ASSISTANCE, EQUIPMENT, ETC. WE HAVE BEEN TOLD THAT TOP GOI OFFICIAL ON THIS PROJECT PLANS TO MAKE TRIP TO MOSCOW TO FATHOM DEPTH AND EXTENT OF SOVIET INTEREST.

4. MELCHOR'S INFORMATION THAT SOVIETS WILL USE KAISER DESIGN AND TECHNOLOGY FITS INTO SOVIET INTEREST IN TALKING WITH KAISER ALUMINUM AND KAISER STEEL ABOUT A SIMILAR LARGE ALUMINA PLANT IN SIBERIA WHICH ALSO INCLUDE ALUMINUM SMELTER AND ROLLING MILL. SOVIETS CAN OFFER SUCH EQUIPMENT ONLY IF THEY JOIN UP WITH KAISER IN THE SOVIET PROJECT. SOVIETS APPARENTLY NEED UP-TO-DATE TECHNOLOGY AS THEIR PRODUCT IS TECHNICALLY OUT OF STEP WITH THE REST OF THE WORLD.

5. JESS TAYLOR OF KAISER ENGINEERING (BASED IN AUSTRALIA) HAPPENED TO BE IN TOWN AND WAS UNAWARE OF THE SOVIET INTEREST UNTIL BROUGHT TO HIS ATTENTION. HE FOUND EXPRESSION OF SOVIET INTEREST, PARTICULARLY REPORTED USE OF KAISER DESIGN AND TECHNOLOGY, "FASCINATING" AND STATED THAT HE WOULD BE CONSULTING WITH HIS HOME OFFICE. SULLIVAN

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